

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2016/2017

### BSB 3314 – SEMINAR IN BANKING

(All Sections / Groups)

1 June 2017  
9.00 a.m. – 11.00 a.m.  
(2 Hours)

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#### INSTRUCTION TO STUDENT

1. This Question paper consists of 3 pages (including front page) with **FOUR (4)** Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

**Question 1**

According to The Star Newspaper dated 22 March 2017, Malayan Banking Bhd (Maybank) and CIMB Bank Bhd - the country's largest financial services providers - are partnering with Ant Financial Services Group, which operates the world's largest online and mobile payment platform (Fintech) Alipay, to enable the Alipay mobile wallet in Malaysia. Launched in 2004, Alipay currently has over 450 million active users. Both Maybank and CIMB said the service would go live in Malaysia in May.

**Require:**

- a) Discuss the different types of financial activities provided by mobile payment platform such as Alipay. (13 marks)
- b) Discuss the threats and opportunities of mobile payment platform against traditional commercial bank, merchants and consumers. (12 marks)

**(Total: 25 marks)**

**Question 2**

Public Bank has just submitted its summary of financial information to its principal supervisory agency. The bank reported net income before taxes of RM290 million and taxes RM80 million. If its total operating revenues were RM6.5 billion, its total assets RM17.5 billion, and its equity capital RM1.7 billion, determine the following for Public bank:

**Require:**

- a) Return on Equity (ROE). (3 marks)
- b) Tax management efficiency ratio. (3 marks)
- c) Expense control efficiency ratio. (3 marks)
- d) Asset management efficiency ratio. (3 marks)
- e) Funds management efficiency ratio. (3 marks)
- f) Suppose Public Bank experienced a 25 percent rise in net before-tax income, with its tax obligation, operating revenues, assets, and equity unchanged. What would happen to ROE and its components? (10 marks)

**(Total: 25 marks)**

**Continued...**

**Question 3**

a) Discuss FIVE (5) roles and functions of Bank Negara Malaysia (BNM). (10 marks)

b) Maybank is in the midst of funding a loan amounting of RM100 million for its clients for one year. As a result, Maybank Bank borrowed RM40 million in the Federal funds market from other banks at today's prevailing interest rate of 3.25 percent and sold negotiable Certificate of Deposits (CDs) to its business customers in the amount of RM60 million at a promised annual yield of 3.50 percent. Credit investigation and recordkeeping costs to process this loan application were an estimated RM250,000. The Credit Analysis Division recommends a minimal 1 percent risk premium on this loan and a minimal profit margin of one-fourth of a percentage point. The bank prefers using cost-plus loan pricing in this cases.

**Require:**

i) Calculate the loan rate for Maybank. (9 marks)

ii) Calculate the break-even point and interest cost for Maybank. (6 marks)

**(Total: 25 marks)**

**Question 4**

a) Asset pricing bubbles occur when an asset's prices diverge significantly from fundamental values, and then subsequently return to its value is lower quite rapidly. For instance; house price surge from RM100,000 to RM500,000 in two years or penny stock surge to RM1-2 in short period.

**Require:**

i) What are the factors that affect to asset pricing bubbles? (6 marks)

ii) Discuss the roles of central banks dealing with pricing bubbles. (3 marks)

iii) Discuss measures to curb pricing bubble. (4 marks)

b) Regulators use the CAMELS system to analyze bank risk. What does CAMELS stand for and what financial ratios might best capture each factor? (12 marks)

**(Total: 25 marks)**

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